Chapter 5.18
Intercultural Collaboration in the ICT Sector

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ABSTRACT

In the context of global sourcing in, and internationalization of, the ICT sector, intercultural collaboration is for many ICT workers a daily affair. Especially in the field of software development, where the needs for communication are high, intercultural collaboration poses a particular challenge. Misunderstandings and an unproductive work atmosphere may result in hidden costs for the companies. This chapter highlights the different types of intercultural collaboration in the ICT sector, identifying the special challenges that occur and suggesting ways in which companies may minimize such challenges of intercultural collaboration.

INTRODUCTION

Intercultural collaboration is a necessity for many ICT workers since the ICT sector has become highly globalized. In the context of international market entries, mergers, network production, as well as near- and offshoring, three modes of intercultural collaboration take place: collaboration in multicultural teams, in dispersed teams and in the context of foreign assignment. If persons with different cultural backgrounds work together, challenges occur due to different value systems, work and communication styles. They join the general difficulties of internationalization and industrialization in the ICT sector and, thus, are often overlooked but may hold risks and provoke hidden costs. This chapter describes the challenges of intercultural collaboration and methods to control the risk of intercultural friction focusing on the particular modes of collaboration. Companies should include results of intercultural research into their selection of personnel strategies. Additionally a systematic intercultural personnel development by cross-cultural trainings and coaching helps the collaborators to handle culture differences and to establish a productive collaboration.

Due to advanced globalization, intercultural collaboration is becoming a necessity for employees of many sectors and, thus, of the ICT sector as well, because "information technology is largely now a global field, business, and industry" (Aspray, Mayadas, & Vardi, Moshe Y., 2006, p. 9). While the classical industries already had a boom of internationalization with regard of their production locations in the 1970s and 1980s, the ICT producing sector has become increasingly globalized in the last two decades (OECD, 2004). But, particular big companies, such as IBM, already built factories of production in the 1950s outside of the United States. In the 1980s and 1990s, the internationally distributed capacities of production have been integrated in a new model of organization: the network production or "wintelism," for which the IT Industry has become a paradigm (Ferguson & Morris, 1993). In the year 2004, the OECD states the ICT sector as a leader in the globalization of industry. Motives for expansion of the ICT firms are gaining market access, economies of scales, growth, and access to skills and technology. "Cross-border M&As are the most common form of ICT expansion, enabling faster build-up than greenfield investment" (OECD, 2004, p. 6). A recent development is international sourcing of IT- and ICT-enabled business services, or offshoring and nearshoring.[1] Off- and nearshoring refer to a total or partial transfer of functions to external enterprises or to dependent enterprises in lower-wage countries as, for example, subsidiary companies and joint ventures in lower-wage countries. The trend is reinforced by competition. Drives are the dynamics of digital delivery, the need to fill skill shortages, to cut costs, and to increase efficiency (OECD, 2004). Offshoring and outsourcing require a minimum degree of industrialization, what means a standardisation and decomposability of the production process in order to reach a reduction of the vertical integration. This means a challenge for implementation in the software industry and its employees, because their work often is associated with creativity, which is limited by this process (Boes & Trinks, 2006). Thus, having to handle technical challenges of internationalization and industrialization, soft factors, as for example, those related to cross-cultural collaboration, play a subordinated role regarding personnel development and organizational strategies in the ICT sector. But, they often influence the success of international projects and they may provoke hidden costs[2] (DB Research, 2006).

In the context of the internationalisation of the ICT industry, different modes of intercultural collaboration proceed: (a) multicultural teams, (b) virtual teams, and (c) foreign assignments.

a. **Multicultural teams:** In times of workforce shortages, which according to the economic theory seems to be a periodic phenomenon (López-Bassols, 2002), one often-practised solution is the inflow of foreign ICT workers, as it has occurred in Europe in a massive way from 1995 until the crisis of the new economy at the beginning of the new millennium in 2002, and especially 2003.[3] At the latest, since then, many countries developed special policies in order to ease the workflow (McLaughlan & Salt, 2002). The immigration of ICT workers provokes an international composition of working teams in the ICT sector. While in many European countries, as for example Germany, Ireland, and so forth, cultural diversity in highly skilled jobs in the ICT branch has not been common, in the USA and its melting pot, especially in the Silicon Valley where cultural diversity already has a long tradition. Thus, attention to diversity has grown exponentially in U.S. organizations in the 1980s (Ferdman & Brody, 1998), while in the European debate it does not show such a high presence. The same happens to personnel development strategies in the context of diversity at work.

b. **Dispersed teams:** In the context of saving costs, international network production and

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